

Agency Legislative Budget								
Budget Item	Base Budget Fiscal 2000	PL Base Adjustment Fiscal 2002	New Proposals Fiscal 2002	Total Leg. Budget Fiscal 2002	PL Base Adjustment Fiscal 2003	New Proposals Fiscal 2003	Total Leg. Budget Fiscal 2003	Total Leg. Budget Fiscal 02-03
FTE	39.50	0.00	(0.50)	39.00	0.00	(0.50)	39.00	39.00
Personal Services	1,877,177	74,549	75,267	2,026,993	89,346	74,961	2,041,484	4,068,477
Operating Expenses	439,015	852,311	21,483	1,312,809	18,090	20,989	478,094	1,790,903
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$2,316,192	\$926,860	\$96,750	\$3,339,802	\$107,436	\$95,950	\$2,519,578	\$5,859,380
State/Other Special	2,300,576	928,809	96,750	3,326,135	109,386	95,950	2,505,912	5,832,047
Federal Special	15,616	(1,949)	0	13,667	(1,950)	0	13,666	27,333
Total Funds	\$2,316,192	\$926,860	\$96,750	\$3,339,802	\$107,436	\$95,950	\$2,519,578	\$5,859,380

Agency Description

The Department of Public Service Regulation (PSR) regulates the public utility and railroad industries. Five commissioners elected from districts throughout Montana oversee this program.

Summary of Legislative Action

The legislature approved an increase of \$1.0 million in state special revenue over the fiscal 2000 base budget. The major changes include:

1. an appropriation of \$683,454 of universal access funds in fiscal 2002. The 1999 legislature approved language in HB 2 for the 2001 biennium that appropriated approximately \$650,000 for the Montana Universal Access Program (MUAP), but only \$12,620 was expended in fiscal 2000. Therefore, the legislature once again approved the authority for the 2003 biennium. For more information on the MUAP, see "Agency Discussion";
2. additional personal service funds of approximately \$176,000 to restore 2 percent of the vacancy savings, for pay exceptions, and to fully fund a position filled at a higher grade; and
3. elimination of a 0.5 FTE position that had been vacant over seven months. The funds remain for the 2003 biennium, but because the position has been eliminated, it will not be funded in the 2005 biennium.

Agency Discussion

Montana Universal Access Program (MUAP)

With the establishment of the MUAP by the 1997 legislature, approximately \$600,000 in revenue was collected in the 1999 biennium (all collections ended at the close of fiscal 1999) and approximately \$62,000 has been expended for the purposes of MUAP since its inception through April of 2001.

The 1997 legislature passed SB 89, which established the Universal Access Program ". . .to further the goal of universal access to advanced telecommunications services in Montana by: 1) increasing safety net coverage through which advanced telecommunications services would, at a minimum, be available through a library, school, or other specified type of public institution in every community in the state; 2) encouraging innovation in communities to bring advanced services to Montana's rural areas; and 3) assisting communities that have already succeeded in obtaining services when ongoing transport costs threaten the continued availability of these services."

The 1997 legislature was aware that some federal funding would be available to help schools, libraries, and health care facilities with their telecommunication costs, but the details were not available until after the legislature adjourned. SB 89 was passed in an attempt to fill any gaps in services or funding that would not be covered under the federal program. The federal program (termed the E-rate Program) was slow in getting off the ground, but since that time, Montana schools, libraries, and health care facilities have received discounts on telecommunication services in excess of \$3.6 million during the first year of the program and over \$3.7 million during the second year.

Because of the amount of the discount that most schools, libraries, and health care facilities received under the federal program, they are not eligible for state MUAP funds. This has resulted in MUAP funds not being utilized to the degree

envisioned. The majority of entities benefiting from MUAP funds have been schools, libraries, and health care facilities that did not qualify for the federal funds, but did qualify for MUAP funds. Additionally, because tribal colleges are not eligible for E-rate Program funds, two tribal colleges are receiving MUAP funds.

The 2001 legislature took no action to change statute to: 1) allow expanded use of the funds, e.g., allowing funds to be used to upgrade the basic infrastructure; 2) provide a higher discount amount to users; and/or 3) expand the eligibility of applicants. The Public Service Regulation advised the legislature to leave the program as it currently exists in statute in the event that federal funding through the E-rate Program decreases and there is an increased need for these funds.

Agency Budget Comparison								
Budget Item	Base Budget Fiscal 2000	Executive Budget Fiscal 2002	Legislative Budget Fiscal 2002	Leg – Exec. Difference Fiscal 2002	Executive Budget Fiscal 2003	Legislative Budget Fiscal 2003	Leg – Exec. Difference Fiscal 2003	Biennium Difference Fiscal 02-03
FTE	39.50	39.50	39.00	(0.50)	39.50	39.00	(0.50)	
Personal Services	1,877,177	1,938,880	2,026,993	88,113	1,953,533	2,041,484	87,951	176,064
Operating Expenses	439,015	1,291,801	1,312,809	21,008	457,580	478,094	20,514	41,522
Equipment	0	0	0	0	0	0	0	0
Total Costs	\$2,316,192	\$3,230,681	\$3,339,802	\$109,121	\$2,411,113	\$2,519,578	\$108,465	\$217,586
State/Other Special	2,300,576	3,217,012	3,326,135	109,123	2,397,445	2,505,912	108,467	217,590
Federal Special	15,616	13,669	13,667	(2)	13,668	13,666	(2)	(4)
Total Funds	\$2,316,192	\$3,230,681	\$3,339,802	\$109,121	\$2,411,113	\$2,519,578	\$108,465	\$217,586

Executive Budget Comparison

Legislative action results in an increase from the Executive Budget of approximately \$217,590 in state special revenue funds for the 2003 biennium, including:

1. approximately \$64,000 to restore 2 percent of vacancy savings;
2. approximately \$112,000 in personal services to fund a position filled at a higher grade and pay exceptions; and
3. approximately \$42,500 additional travel funds.

Funding

The Public Service Regulation Program is funded primarily by a fee that is levied quarterly on regulated companies. The amount raised by the fees must equal the amount appropriated to the commission by the legislature for a particular year; fees are deposited directly into a state special revenue account (Section 69-1-402, MCA). Fees are based upon a percentage of the gross operating revenue from all activities regulated by the commission within the state for the calendar quarter of operation. Federal funds come from the U.S. Department of Transportation and support the Natural Gas Pipeline Safety Program.

Funding for the Universal Access Program was collected from a surcharge applied to all private corporations involved in the telecommunications industry in Montana. The authority to collect revenue for the Universal Access Program was limited by statute to the 1999 biennium.

Present Law Adjustments										
-----Fiscal 2002-----						-----Fiscal 2003-----				
FTE	General	State Special	Federal Special	Total Funds		FTE	General	State Special	Federal Special	Total Funds
Personal Services				125,543						140,742
Vacancy Savings				(44,164)						(44,572)
Inflation/Deflation				515						1,725
Fixed Costs				26,582						11,925
Total Statewide Present Law Adjustments				\$108,476						\$109,820
DP 1 - Consultants	0.00	0	99,038	0	99,038	0.00	0	(962)	0	(962)
DP 2 - Rent/ Computer Replacement/ Printer/Copier Lease	0.00	0	43,197	0	43,197	0.00	0	5,877	0	5,877
DP 4 - Universal Access Program	0.00	0	683,454	0	683,454	0.00	0	0	0	0
DP 5 - Additional Personal Service Funds	0.00	0	12,846	0	12,846	0.00	0	12,990	0	12,990
DP 696 - Data Network Fixed Cost Reduction	0.00	0	(473)	(2)	(475)	0.00	0	(473)	(2)	(475)
DP 699 - Vacancy Savings at 4 Percent	0.00	0	(19,582)	(94)	(19,676)	0.00	0	(19,719)	(95)	(19,814)
Total Other Present Law Adjustments										
	0.00	\$0	\$818,480	(\$96)	\$818,384	0.00	\$0	(\$2,287)	(\$97)	(\$2,384)
Grand Total All Present Law Adjustments				\$926,860						\$107,436

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget included in the executive present law. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items will be applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 1 - Consultants - The legislature approved this request for a biennial appropriation to hire consultants. This is the same amount appropriated by the 1999 legislature. These funds will be used if PSC staff is unable to handle the additional workload or for special projects.

DP 2 - Rent/ Computer Replacement/ Printer/Copier Lease - The legislature approved state special revenue funds for the following: 1) \$6,521 in fiscal 2002 and \$9,201 in fiscal 2003 for an increase in the rent contract negotiated by the Department of Administration; 2) \$31,776 in fiscal 2002 and a reduction of \$8,224 from the base budget (\$22,224 in the base) in fiscal 2003 to replace 27 computers in fiscal 2002 and 7 computers in fiscal 2003; and 3) \$4,900 each fiscal year to lease 2 digital printer/copiers (\$5,006 in the base).

DP 4 - Universal Access Program - The legislature approved a biennial appropriation of state special revenue funds of \$683,454 in order to continue allocation of the universal access funds based on guidelines passed by the 1997 legislature. The funds to support this program were collected in the 1999 biennium; all collections ended at the close of fiscal 1999.

DP 5 - Additional Personal Service Funds - The legislature approved additional state special revenue funds of \$12,846 in fiscal 2002 and \$12,990 in fiscal 2003. These funds are for a pay exception for an information technology position and two upgrades that were not captured in the Office of Budget and Program Planning "snapshot" of personal services.

DP 696 - Data Network Fixed Cost Reduction - The legislature approved fees and charges for data network support provided by the Information Services Division of the Department of Administration at a level lower than that proposed by the executive and used to develop the associated fixed cost budget requests. This adjustment removes the corresponding fixed costs from agency budgets.

DP 699 - Vacancy Savings at 4 Percent - The legislature approved increasing the statewide vacancy savings rate to 4 percent and including the state share of health insurance premiums in the calculation for determining the amount. This reduction is offset by DP 7 below, which restores one-half of the vacancy savings.

New Proposals										
-----Fiscal 2002-----						-----Fiscal 2003-----				
Prgm	FTE	General	State Special	Federal Special	Total Funds	FTE	General	State Special	Federal Special	Total Funds
DP 6 - Additional Travel Funds										
01	0.00	0	21,483	0	21,483	0.00	0	20,989	0	20,989
DP 7 - Restore 2% Vacancy Savings & Additional Personal Services										
01	0.00	0	75,267	0	75,267	0.00	0	74,961	0	74,961
DP 689 - FTE Reduction										
01	(0.50)	0	0	0	0	(0.50)	0	0	0	0
Total	(0.50)	\$0	\$96,750	\$0	\$96,750	(0.50)	\$0	\$95,950	\$0	\$95,950

New Proposals

DP 6 - Additional Travel Funds - The legislature approved additional state special revenue funds for additional travel funds for new commissioners and other staff to travel for training.

DP 7 - Restore 2% Vacancy Savings & Additional Personal Services - The legislature approved additional personal services funds to restore 2 percent of the vacancy savings and to fund a position filled at a higher grade.

DP 689 - FTE Reduction - The legislature reduced 0.5 FTE as the position has been vacant for over seven months. Funds were not reduced for the 2003 biennium, but the eliminated positions are not to be funded in the present law base budget submitted for the 2005 biennium.